

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 NSCE-00 CAB-09 CIAE-00 COME-00 DODE-00

EB-11 INR-10 NSAE-00 RSC-01 FAA-00 PM-07 H-03 L-03

NSC-10 PA-04 PRS-01 SPC-03 SS-20 USIA-15 DRC-01 CU-04

IO-14 NIC-01 SAJ-01 OMB-01 TRSE-00 STR-08 DOTE-00

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FM USLO PEKING

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INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: BTRA, ETRN, CH

SUBJECT: VISIT TO PEKING BY PAN AMERICAN EXECUTIVES

REF: STATE 002695

SUMMARY. PAN AMERICAN BOARD CHAIRMAN SEAWELL COMPLETED WHAT HE AND HIS COLLEAGUES CONSIDER TO HAVE BEEN A SUCCESSFUL VISIT TO PEKING IN TERMS OF BUILDING GOODWILL. THE PAN AM VISITORS TALKED TO PRC TRAVEL, AVIATION, AND OTHER OFFICIALS AND MADE A VARIETY OF PROPOSALS WHICH WOULD ENHANCE PAN AM'S POSITION WITH THE CHINESE. END SUMMARY.

1. THE PAN AM DELEGATION, LED BY BOARD CHAIRMAN SEAWELL, DEPARTED PEKING JANUARY 22 AFTER A WEEK'S VISIT WHICH THEY CONSIDERED VERY SUCCESSFUL IN TERMS OF BUILDING A FOUNDATION OF GOODWILL WITH THE PRC. THE DELEGATION, WHICH WAS HOSTED BY THE CHINA INTERNATIONAL TRAVEL SERVICE (CITS), WAS RECEIVED WARMLY, HAD AMPLE OPPORTUNITY TO TALK TO OFFICIALS OF CITS, THE CIVIL AVIATION ADMINISTRATION OF CHINA (CAAC), AND THE TRADE CORPORATIONS, AND WITH THEIR
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DEPENDENTS WERE TREATED TO TOURS OF PEKING'S FAMOUS SIGHTS.

PAN AM MADE VARIOUS PROPOSALS TO THE CHINESE THAT WOULD INVOLVE CLOSE COOPERATION, AND THE COMPANY MAY BUY SOME CHINESE PRODUCTS FOR USE IN AIRCRAFT AND HOTELS. TO OUR KNOWLEDGE, THEY DID NOT DISCUSS THE QUESTION OF EVENTUAL SCHEDULED SERVICES. USLO OFFICERS SAW THE PAN AM OFFICIALS ON SEVERAL OCCASIONS, BUT THE VISITORS LARGELY KEPT THEIR OWN COUNSEL AND USLO OFFICERS WERE NOT PRESENT AT ANY OF THEIR MEETINGS WITH THE CHINESE.

2. ACCORDING TO SEAWELL, THE PROPOSALS PAN AM MADE TO THE CHINESE WERE AS FOLLOWS:

A) PAN AM PROPOSED TO CITS A "LIMITED PROGRAM" OF PROFESSIONAL AND CULTURAL GROUP TRAVEL EXCHANGES. PAN AM WOULD ORGANIZE TRAVEL TO THE PRC OF SMALL GROUPS SELECTED BY THE CHINESE ; THE SIZE OF THE GROUPS WOULD BE GRADUALLY INCREASED, IF THE CHINESE DESIRED, AND EVENTUALLY EXPANDED INTO A CHARTER PROGRAM.

B) TO THE CAAC, PAN AM PROPOSED TO HOST A VISIT OF SPECIALISTS TO PAN AM FACILITIES TO INSPECT ALL ASPECTS OF PAN AM'S OPERATIONS. IN ADDITION, PAN AM WOULD BE WILLING TO HAVE CAAC PILOTS RIDE AS OBSERVERS ON PAN AM FLIGHTS; TO DISCUSS VARIOUS TECHNICAL SERVICES (E.G., AIRPORTS, AIR TRAFFIC CONTROL IN WHICH PAN AM HAS EXPERTISE; TO DISCUSS GROUND AND AIRLINE SERVICES (E.G., STEWARDESS TRAINING, FOOD SERVICE); AND TO HOLD TALKS ON THE ADVANTAGES OF INTERLINE AND GENERAL SALES AGENCY AGREEMENTS BETWEEN THE TWO COMPANIES. (ONE PAN AM OFFICIAL TOLD US, HOWEVER, THAT CAAC WAS NEGATIVE ON THE LAST-MENTIONED SUBJECT, AND WOULD NOT CONSIDER SUCH MATTERS PRIOR TO NORMALIZATION OF RELATIONS BETWEEN THE TWO COUNTRIES.)

C) PAN AM ALSO MADE A PROPOSAL TO FURNISH TRANSPORTATION FOR THE CHINESE ARCHEOLOGICAL EXHIBIT THAT WILL BE VISITING THE US AND, IF DESIRED, TO FIND LOCAL SPONSORS FOR DISPLAY OF THE EXHIBIT IN VARIOUS CITIES.

3. IN ADDITION, SEAWELL PLANS TO WRITE LETTERS TO THE CITS AND CAAC OFFICIALS THEY MET TO INVITE THEM TO THE US AS PAN AM'S GUESTS.

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4. THE PAN AM OFFICIALS SAID THEY WERE PLEASED WITH THE POSSIBILITIES FOR PURCHASE OF CHINESE GOODS (THEY MENTIONED BLANKETS AND VODKA AS POSSIBILITIES) FOR USE IN AIRCRAFT AND HOTELS. TO FOLLOW THIS UP QUICKLY, THEY ARRANGED TO HAVE TWO PAN AM BUYERS MEET THEM IN HONG KONG WHEN THEY EXIT CHINA LATER THIS WEEK.

5. THE CHINESE MOTIVE IN INVITING SEAWELL AND HIS GROUP IS NOT ENTIRELY CLEAR. WE SUSPECT THAT PAN AM HAS BEEN PROBING FOR AN OPPORTUNITY LIKE THIS FOR SOME TIME, AND SEAWELL SAID HE HAS DEVELOPED A PERSONAL FRIENDSHIP WITH AMBASSADOR HUANG HUA IN NEW YORK. ONE LINE OF SPECULATION IS THAT THE PRC INTENDED TO USE THE VISIT TO WORRY THE JAPANESE AND THE CANADIANS, BUT SURELY THEY ARE AWARE THAT US-PRC SCHEDULED AIR SERVICES ARE STILL SOME TIME OFF IN THE FUTURE. IN ANY EVENT, PAN AM DOES SEEM TO HAVE STOLEN A MARCH OVER ITS US COMPETITORS, AND WE EXPECT THAT PAN AM WILL DO ALL IT CAN TO FOLLOW UP THESE INITIAL CONTACTS.

6. PAN AM SPECIFICALLY ASKED THAT THE INFORMATION ABOUT ITS PROPOSALS AND CONVERSATIONS WITH THE CHINESE BE KEPT IN CONFIDENCE.
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